



KUMBA IRON ORE LIMITED

2020 Annual Results
23 February 2021

Kolomela Mine Dense media separation plant

Disclaimer

Certain statements made in this presentation constitute forward-looking statements. Forward-looking statements are typically identified by the use of forward-looking terminology such as 'believes', 'expects', 'may', 'will', 'could', 'should', 'intends', 'estimates', 'plans', 'assumes' or 'anticipates' or the negative thereof or other variations thereon or comparable terminology, or by discussions of, e.g. future plans, present or future events, or strategy that involve risks and uncertainties. Such forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the company's control and all of which are based on the company's current beliefs and expectations about future events. Such statements are based on current expectations and, by their nature, are subject to a number of risks and uncertainties that could cause actual results and performance to differ materially from any expected future results or performance, expressed or implied, by the forward-looking statement. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the company and its subsidiaries. The forward-looking statements contained in this presentation speak only as of the date of this presentation and the company undertakes no duty to, and will not necessarily update any of them in light of new information or future events, except to the extent required by applicable law or regulation.

The conversion of Mineral Resource to Ore Reserves is dependent on the approval of pre-feasibility and feasibility studies by the relevant Kumba and Anglo American Investment Committees. Any exclusive Mineral Resources quoted in this presentation, currently under investigation for conversion to Ore Reserves is based on Kumba's current interpretation of its potential prior to the completion and approval of the required studies. Only Measured and Indicated Mineral Resources can be converted to Ore Reserves. The Mineral Resources being considered for potential conversion to Ore Reserves includes a material amount of Inferred Resource. Due to the uncertainty that may be attached to some Inferred Mineral Resource, it cannot be assumed that all or part of the Inferred Mineral Resource will necessarily be upgraded to an Indicated or Measured Resource after continued infill drilling. Please refer to the Ore Reserve (& Saleable Product) and Mineral Resource Report 2020 for further information. (<https://www.angloamericankumba.com/investors/annual-reporting/reports-archive/2020>)

Agenda

2020 Performance overview

Themba Mkhwanazi

UHDMS and Life of Mine

Themba Mkhwanazi

Marketing and operations

Themba Mkhwanazi

Financial performance

Bothwell Mazarura

Fortifying our business for the future

Themba Mkhwanazi

Guidance and conclusion

Themba Mkhwanazi





2020 Highlights | resilient, profitable and capital efficient

Export sales

39.3Mt

FY19: 40Mt

Total production

37.0Mt

FY19: 42.4Mt

EBITDA

R45.8bn

FY19: R33.4bn

ROCE

109%

FY19: 83%

Attributable free cash flow

R20.7bn

FY19: R17.1bn

DPS

R60.90

FY19: R46.78

Covid-19 | adapting and keeping the engine running



Safe and healthy people

- Screening & testing
- Quarantining & isolating
- Mental health & wellbeing



Responsible operations

- Safe production
- Protecting value chain
- Serving customers



Supporting our stakeholders

- Providing essential services
- Supporting livelihoods
- Collaborative partnerships



Preserved financial strength

- Cost savings of R1.3bn
- Deferred capex of R1.0bn
- Resilient balance sheet

WeCare
Protecting our wellbeing
during Covid-19



Safety and health | beating our record

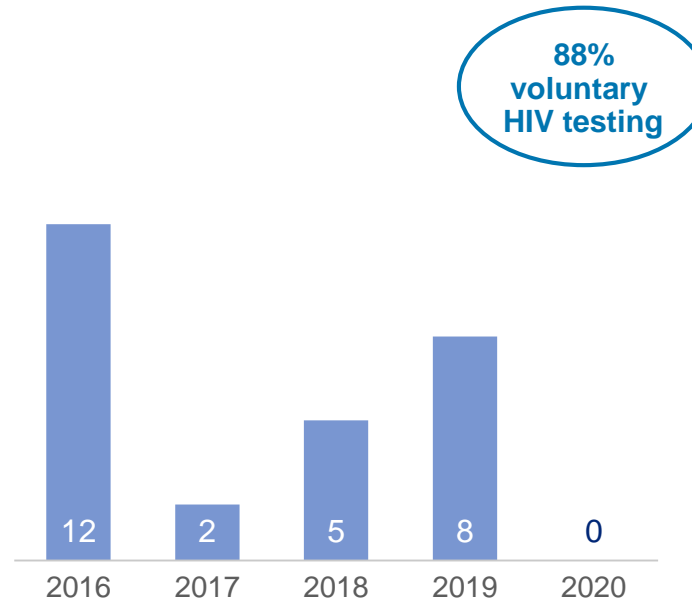
Safety



- Driving behavioural & culture change
- “Rhythms and routines” management programme

Health

Occupational diseases (new cases)



- No silica dust exceedances
- Chronic & lifestyle disease management

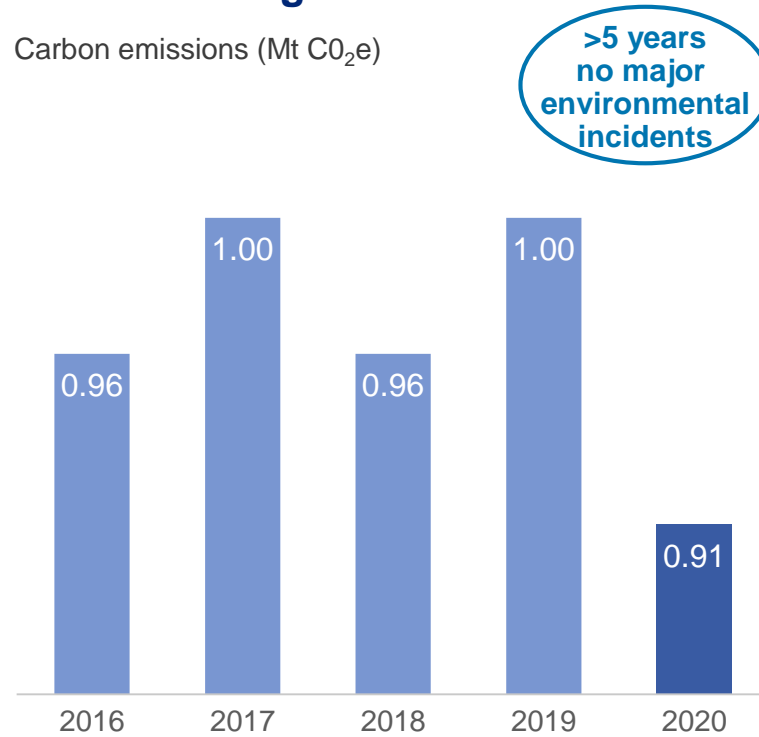




Environment | delivering sustainability

Climate change

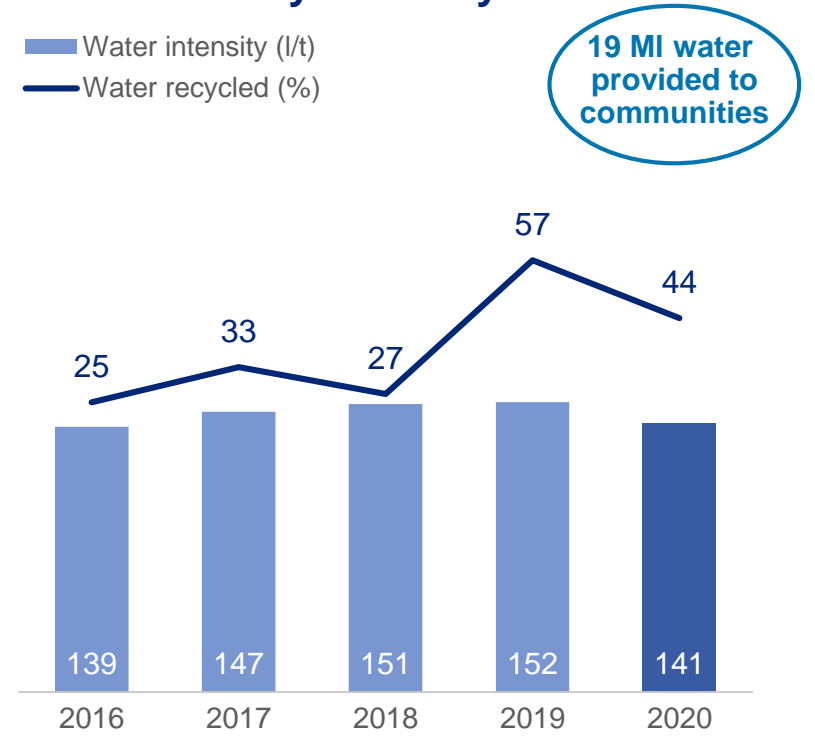
Carbon emissions (Mt CO₂e)



- Achieved 2020 target of 10%, 30% by 2030
- Renewable energy studies underway

Water intensity and recycled

Water intensity (l/t)
Water recycled (%)



- Revised strategy to reduce freshwater use
- Achieved 17%, on track for 50% by 2030

Enduring value | safeguarding lives and livelihoods

Contributing to South Africa

R10.1bn

Income tax (FY19: R7.8bn)

R3.0bn

Mineral royalty (FY19: R2.6bn)

R5.7bn

Capital investment (FY19: R5.6bn)

Providing employment

R5.0bn

Salaries and benefits (FY19: R5.0bn)

Delivering shareholder returns

R19.6bn

Owners of Kumba (FY19: R15.1bn)

R6.4bn

Empowerment partners (FY19: R4.7bn)

Supporting local businesses¹

R9.8bn

BEE business suppliers (FY19: R6.1bn)

R3.6bn

Host community suppliers (FY19: R2.4bn)

Building communities

R264m

Direct social investment (FY19: R171m)

R93.2m

Covid-19 contribution

1. BEE business and host community supplier spend based on MCIII requirements, implemented from 1 January 2019





UHDMS project | compelling value and life extension

Investment horizon

R3.6bn
capital expenditure

2H 2021
breaking ground

2H 2023
first production

Projected returns

>30%
internal rate of return

>40%
EBITDA margin

~3 years
payback period

Maximise value and improve sustainability

~US\$1/t¹
product premium from 2024

3.8-3.1
lower strip ratio

3-4 years
life extension²

1. ~\$1/t premium applies to ~50% of Kumba's production volumes
2. At 10 – 15Mtpa for the 3-4 year period

Life of mine | delivering through optimisation, technology and exploration

2018 - 2019

Sishen

Optimisation and efficiency

Kolomela

Heuningkranz incorporated in Kolomela mining right

Benefit

- Reserves 125Mt¹
- Life extension 2 years
- Sishen life of mine 2032

2020

Sishen

Phase 2 optimisation

Kolomela

Kapstevél South approved

Benefit

- Reserves 81Mt¹
- Life extension 3 years
- Sishen life of mine 2035

> 2021

Sishen

UHDMS project approved

Kolomela

Continued exploration

Preliminary benefit²

- Reserves 110 – 130Mt
- Life extension >3 years
- Sishen life of mine 2039³

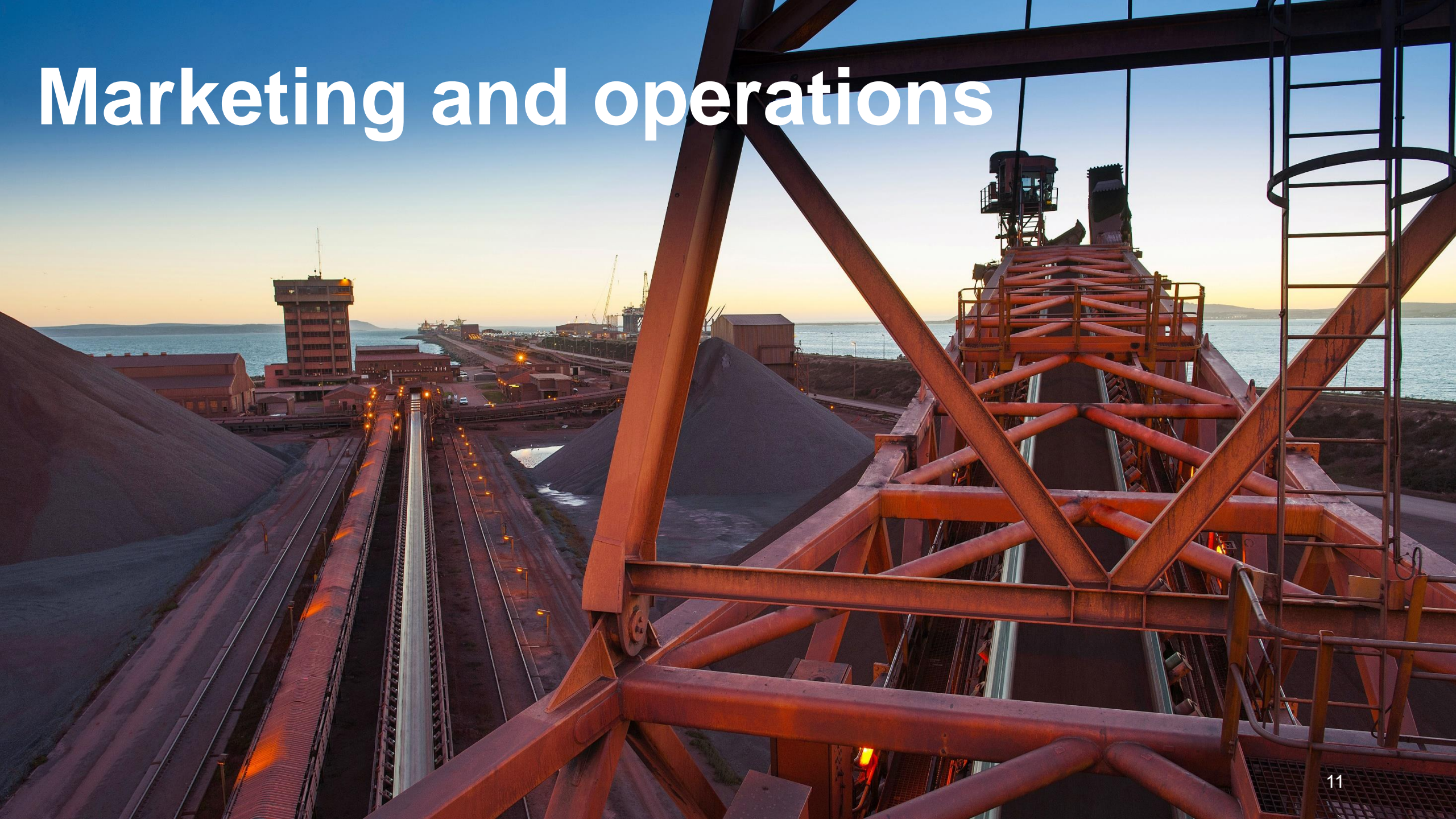
Life extension to 2040

Ambition:
~200Mt increase in reserves by 2022

Total delivered:
206Mt¹ by 2020
Added 110 – 130Mt² in 2021

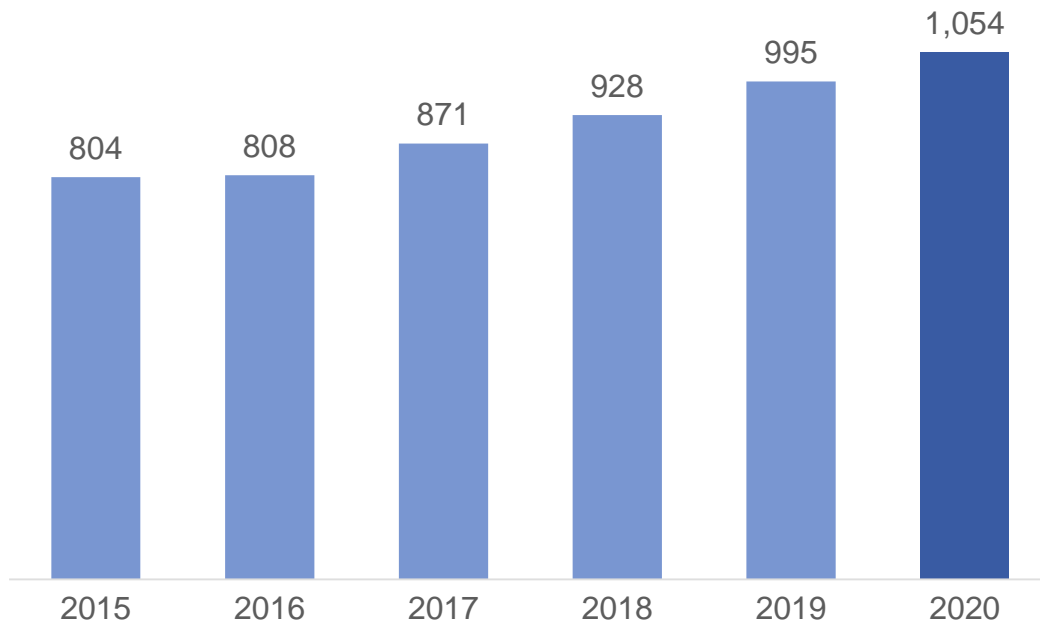
1. Excluding annual depletion | 2018 – 2019: 125Mt includes 112Mt Sishen and 13Mt Kolomela
2. Based on approved feasibility study. Reserves to be updated as part of 2021 life of mine cycle
3. At 10 – 15Mtpa for the 3-4 year period

Marketing and operations



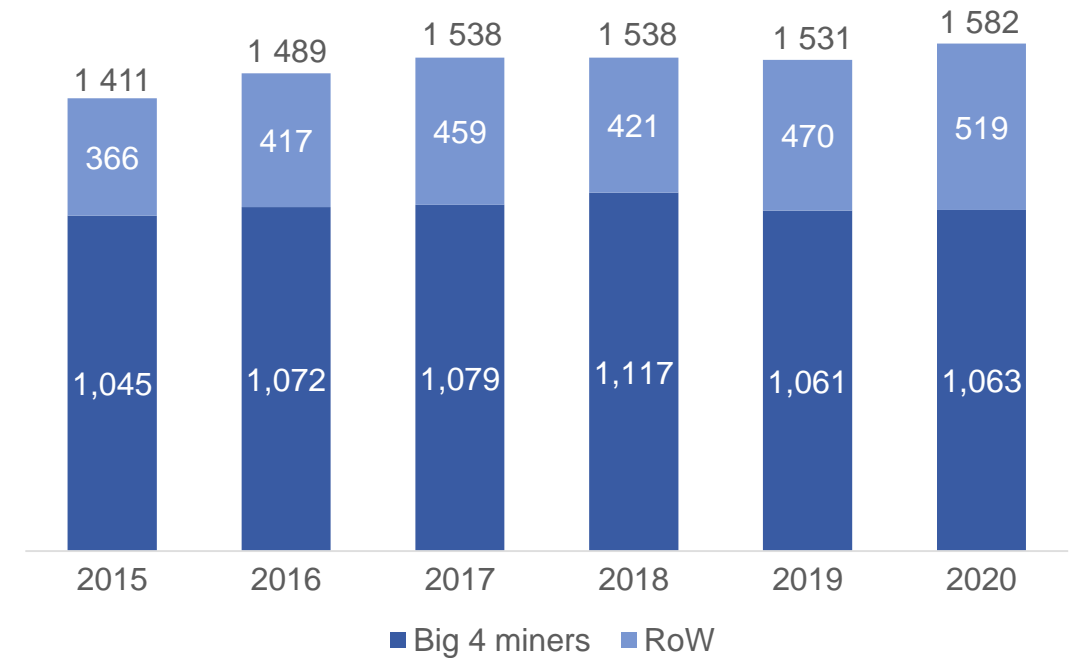
Markets | China steel production at new record highs

China Crude Steel Production (Mt)¹



- Record ¥4.1Tn of local government bonds issued
- Property floor space sold reached new record highs

Global Seaborne Iron Ore Supply (Wet Mt)



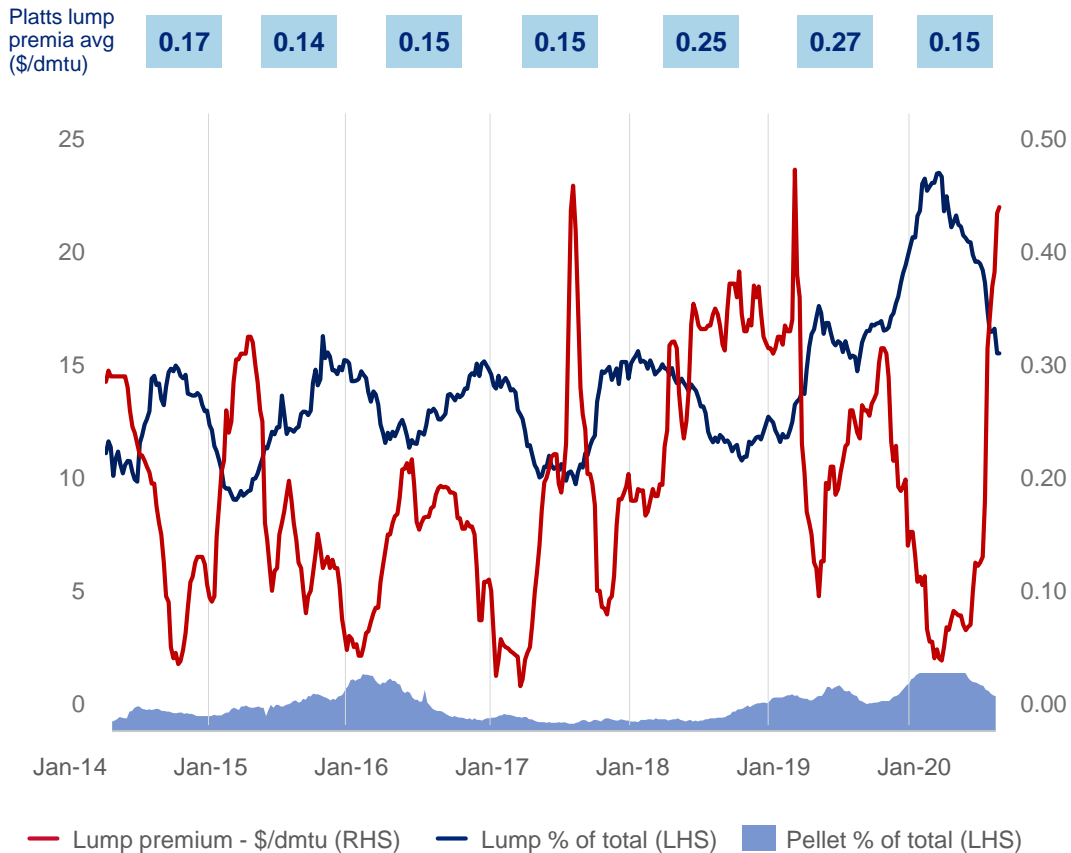
- Seaborne iron ore supply from Big-4 flat year-on-year
- High prices incentivising tonnes from India and Ukraine

Source: World Steel Association (WSA)

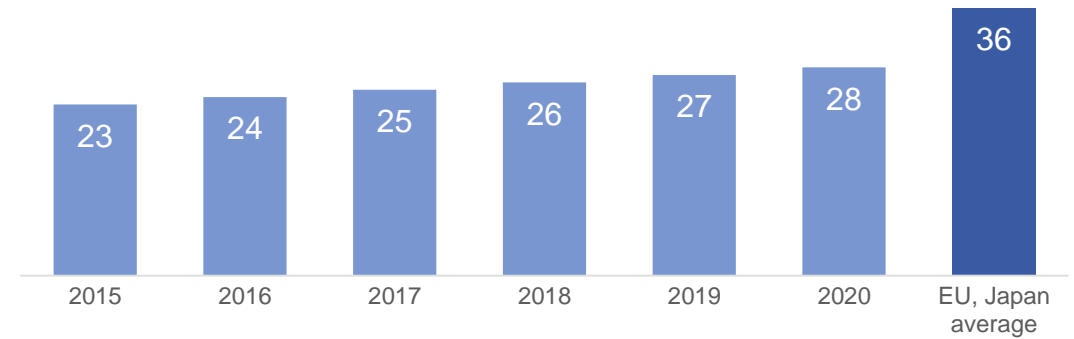
1. Sum of WSA monthly sales

Lump premium | tight coke supply, demand structural in long-term

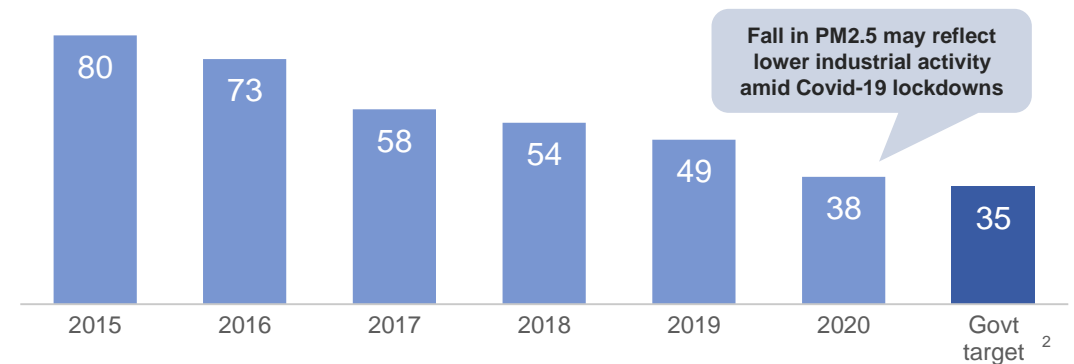
Relationship between lump premium and direct charge stocks (lumps, pellets) at Chinese ports



Share of Direct Charge Ores in Chinese Blast furnaces¹ (%)



Beijing air quality (PM 2.5)

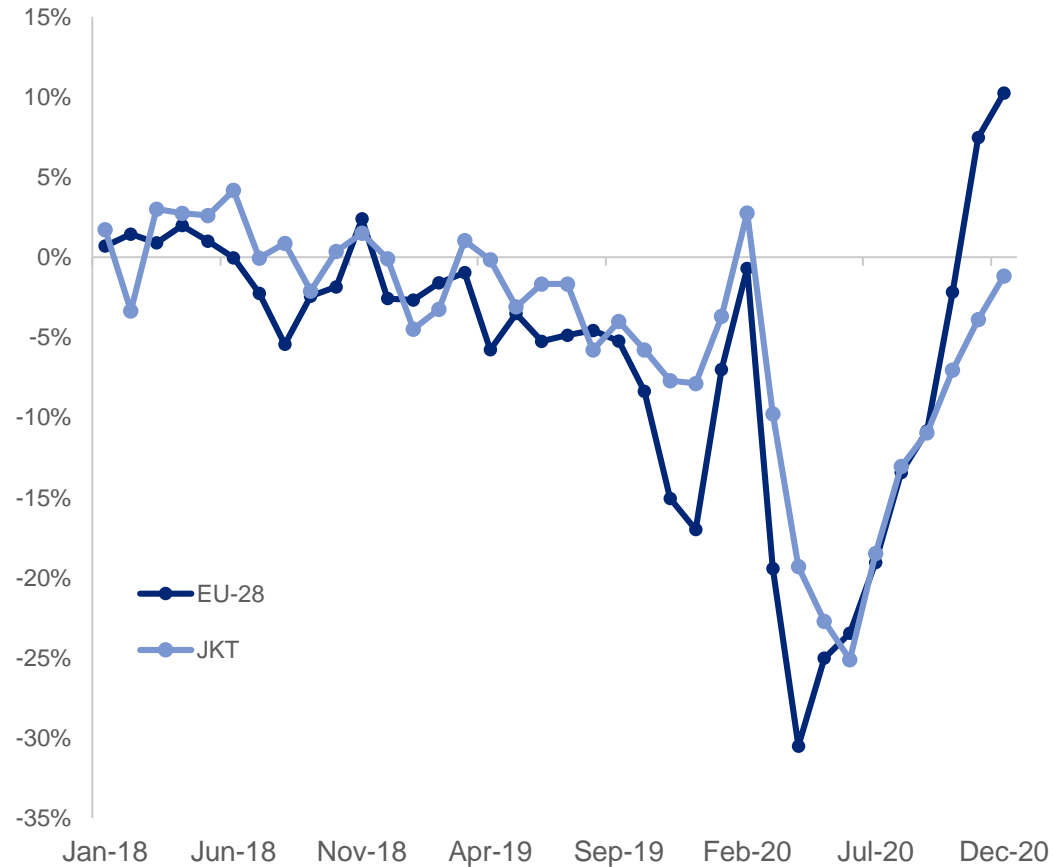


Source: Platts, GTT, Mysteel

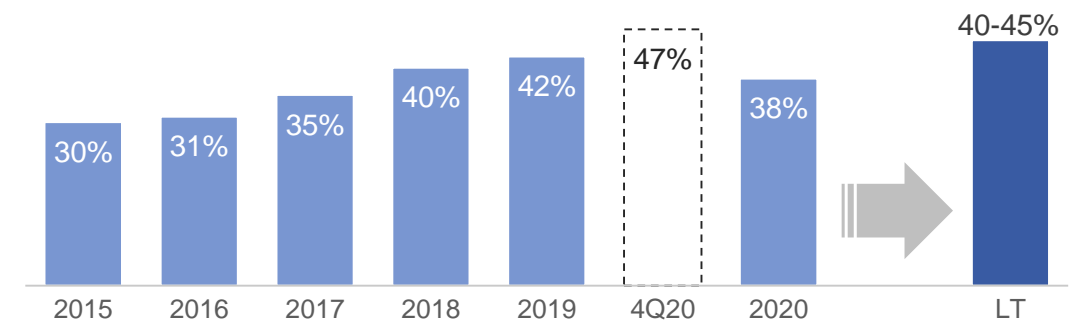
1. Mysteel Surveyed Bfs, 2 - Beijing Urban Master Plan, 2030

Product premium | driven by ex-China demand recovery

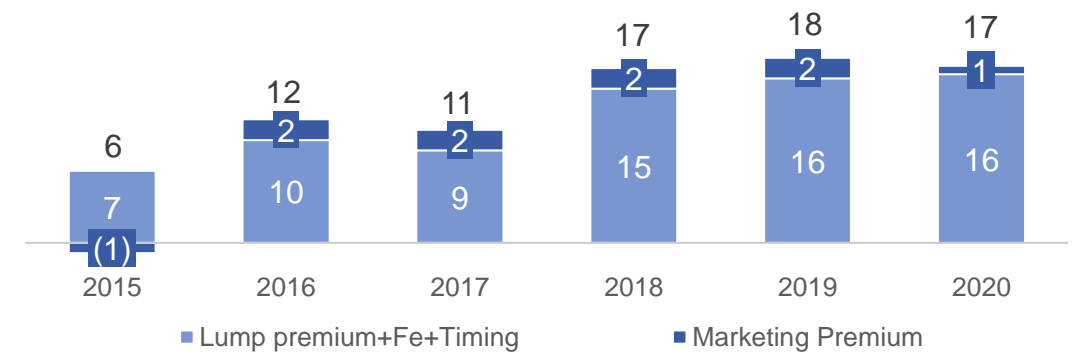
Crude Steel Production in EU-28 and JKT Markets (%)



Traditional markets¹ share in Kumba's total sales (%)



Price premium over Platts 62 FOB (US\$/dmt)

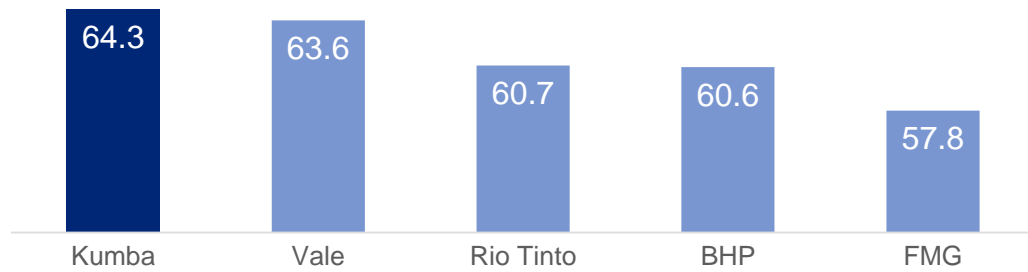


Source: World Steel Association

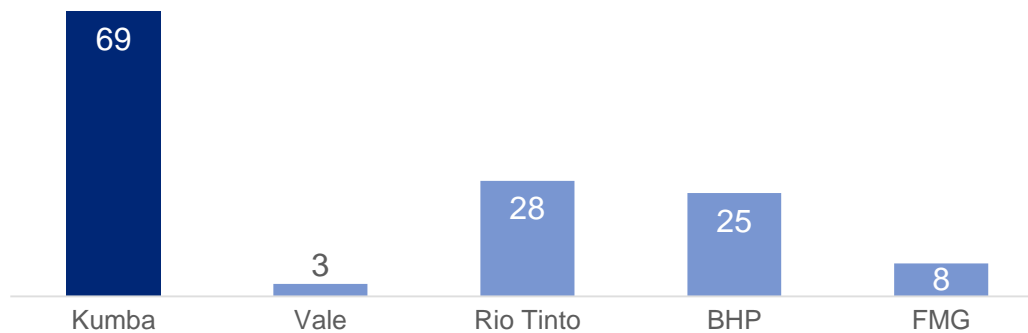
1. Sales in EU/MENA/Americas | Japan, South Korea and Taiwan

Peer comparison | quality pays

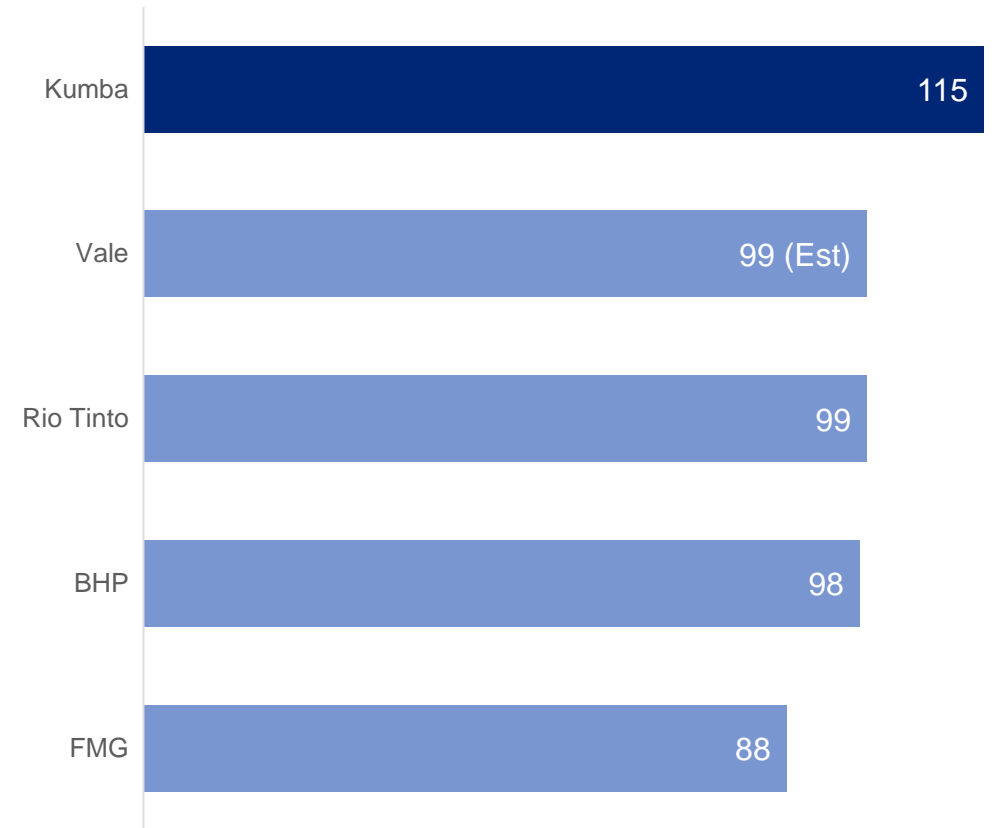
FY20 Fe qualities comparison (%)



FY20 Lump: Fine ratio comparison (%)



FY20 Realised price comparison FOB (US\$/dmt)¹

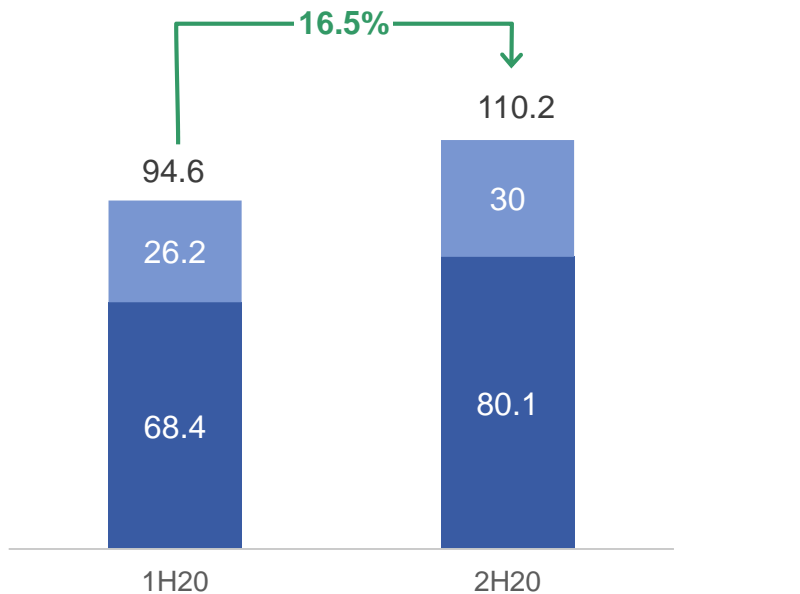


Operational performance | building momentum in H2

Total waste volumes

204.8Mt

FY19: 244.3Mt

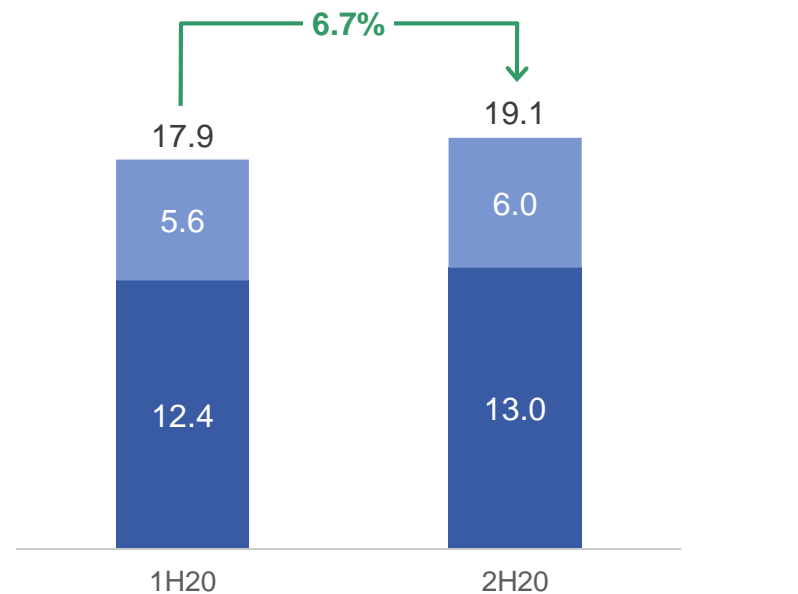


■ Sishen

Total production volumes

37.0Mt

FY19: 42.4Mt



■ Kolomela

Competitive Fe

64.2%

FY19: 64.2%

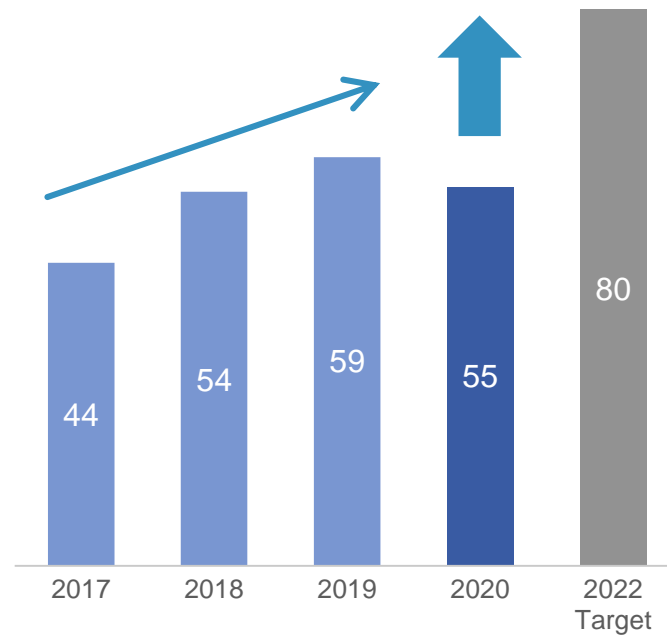
Lump:Fine ratio

67.7%

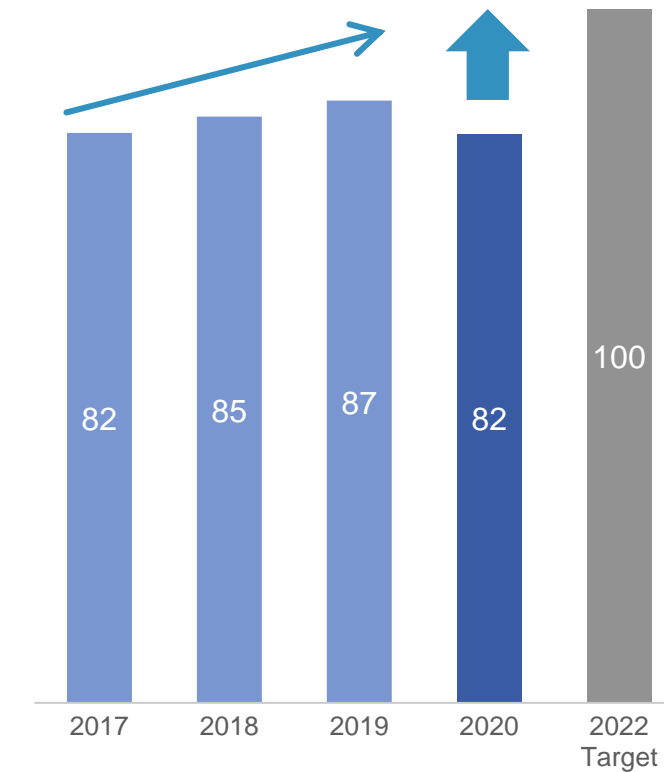
FY19: 67.2%

P101 efficiency | focus on recovery and improvement

Total shovel fleet OEEs¹ (%)



Total truck fleet OEEs² (%)



P101 benchmark on truck fleet

- Technology – guided spotting and real time condition monitoring
- Recovering from Covid-19 impacts
- Improving payload and shovel fill factors
- Increasing truck average speed and reducing shovel loading
- In-pit filling to reduce cycle times
- Defect elimination programme to reduce unnecessary stops

1. Primary shovels: Sishen - 6 x Rope (4100 and 2800), Kolomela 2 X hydraulic shovels (996)

2. Trucks: Sishen x 100 trucks (860 and 960) , Kolomela x 36 trucks (730)



Export sales | solid performance

Railed to port
37.5Mt

FY19: 42Mt

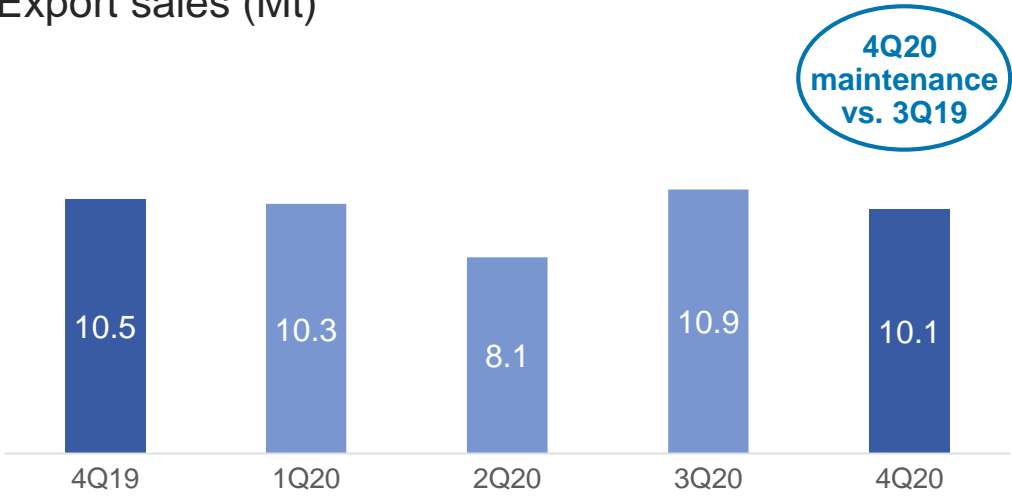
Finished stock
4.7Mt

FY19: 6.4Mt

Export sales
39.3Mt

FY19: 40Mt

Export sales (Mt)



Domestic sales

0.4Mt

FY19: 2.2Mt

Total sales

39.7Mt

FY19: 42.2Mt

Financial overview





Continuing to deliver shareholder returns

Margin enhancement

Average realised FOB price

US\$115/t

FY19: US\$97/t

EBITDA margin

57%

FY19: 52%

Financial discipline

Cost savings

R1.3bn¹

FY19: R920m

Break-even price

US\$45/t

FY19: US\$45/t

Sustainable returns

HEPS

R71.07

FY19: R50.88

DPS

R60.90

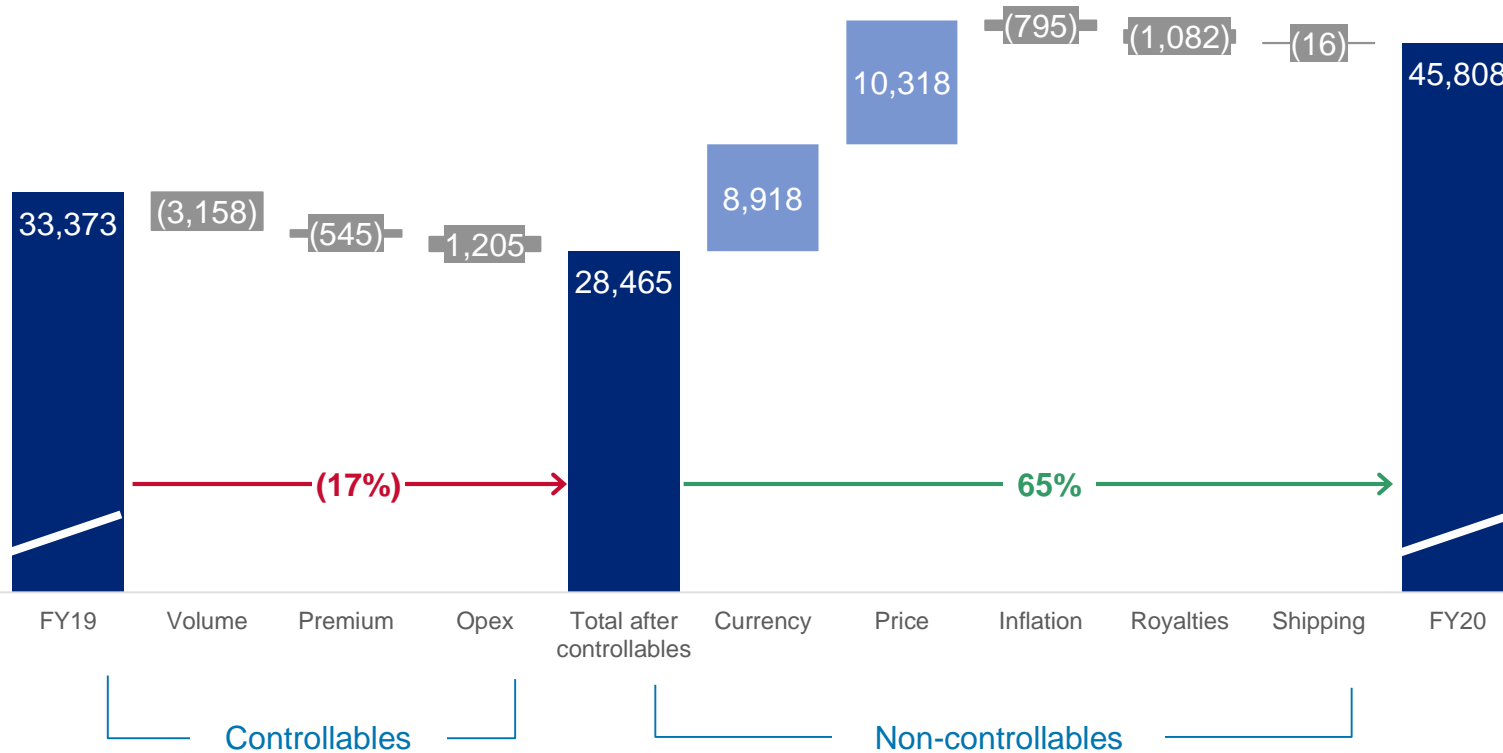
FY19: R46.78

1. Includes R613 million Covid-19 related

EBITDA | Strong revenue growth and cost discipline

EBITDA up 37% driven by higher prices and weaker currency

Rm



Key underlying drivers

Controllables

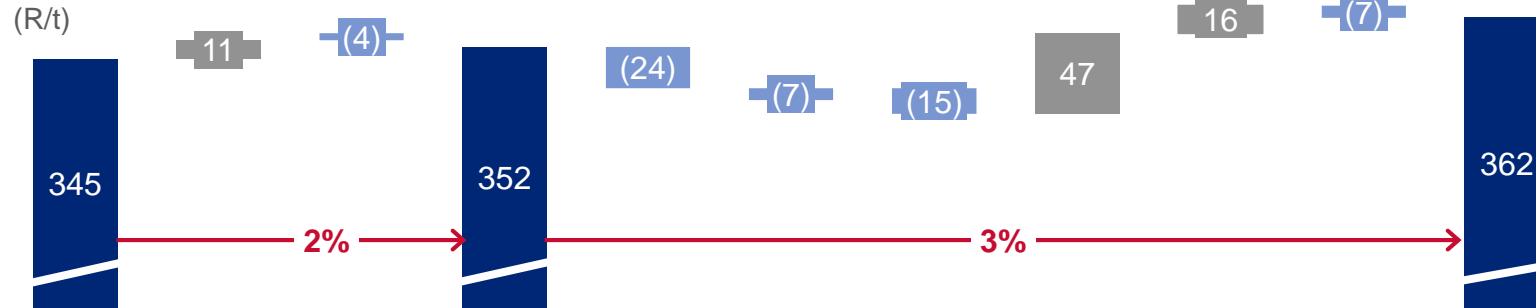
- Total sales down 6% to 39.7Mt (FY19: 42.2Mt)
- Market premium down to US\$17/t (FY19: US\$18/t)
- Opex driven by stock movement, partially offset by cost savings

Non-controllables

- Average R/US\$ exchange rate 14% weaker at R16.47 (FY19: R14.45)
- Average Platts FOB price of US\$97/t (FY19: US\$79/t)

Unit costs | lower production, partially offset by savings

Sishen



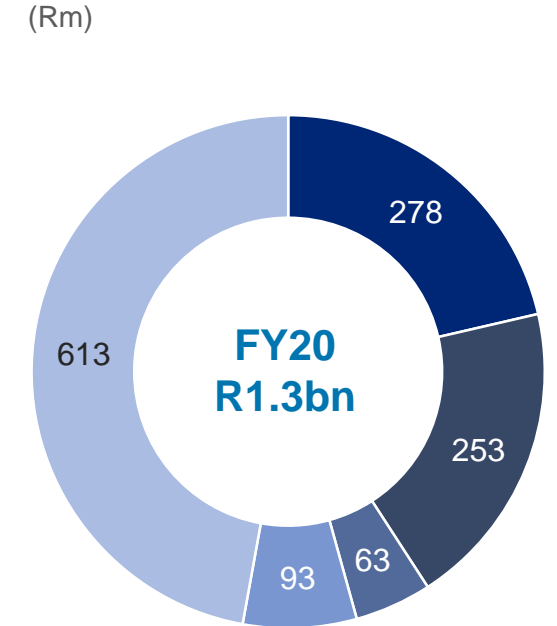
Kolomela



Non-controllables

Controllables

Cost savings

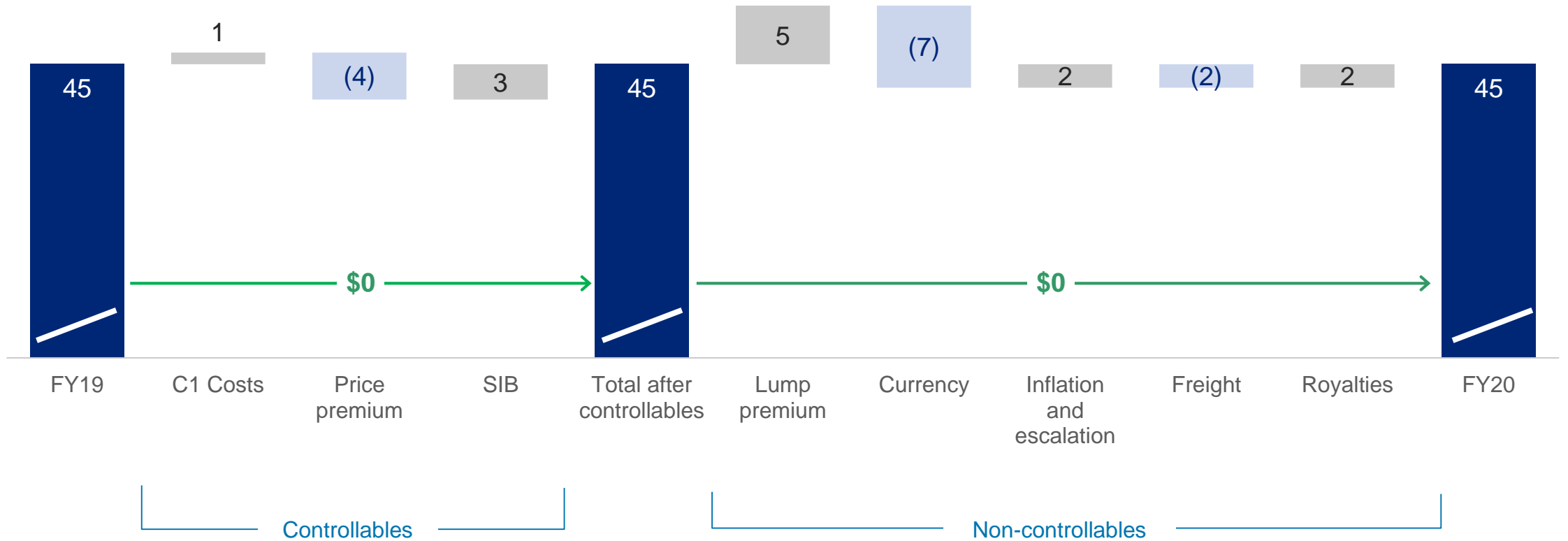


- Overheads
- Mining
- Plant
- Supply chain
- Covid-19

1. Excluding impact of deferred stripping on unit cost: Sishen = FY20: R60/t (FY19: R68/t); Kolomela = FY20: R84/t (FY19: R48/t)

Break-even price contained

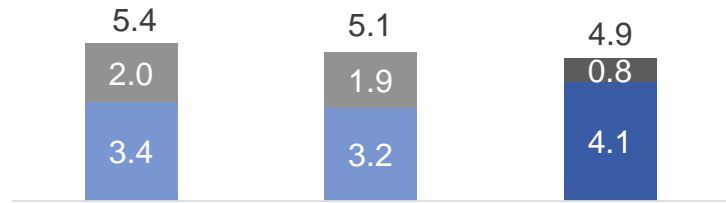
Platts 62%
break-even price (US\$/t)



TSWELELOPELE strategy | driving margin gains

Enhanced product portfolio (US\$/t)

- Fe premium
- Price realisation

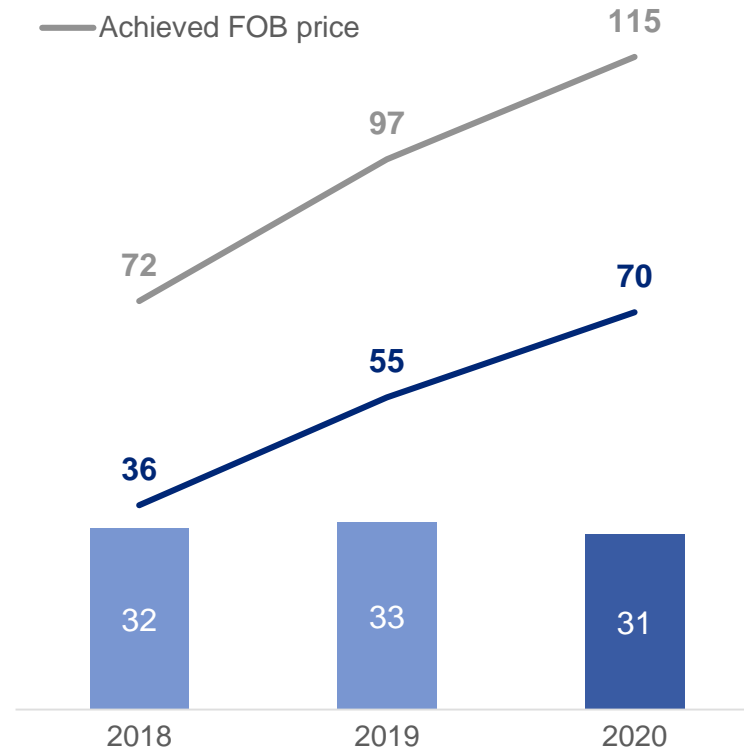


Cost Savings (US\$/t)



Containing costs and leveraging higher iron ore prices (US\$/t)

- C1 unit cash cost
- EBITDA
- Achieved FOB price



Enhanced product premium

above market levels

~US\$2/t

Improve operational efficiency

P101 on truck fleet

>100%

Cost savings initiatives

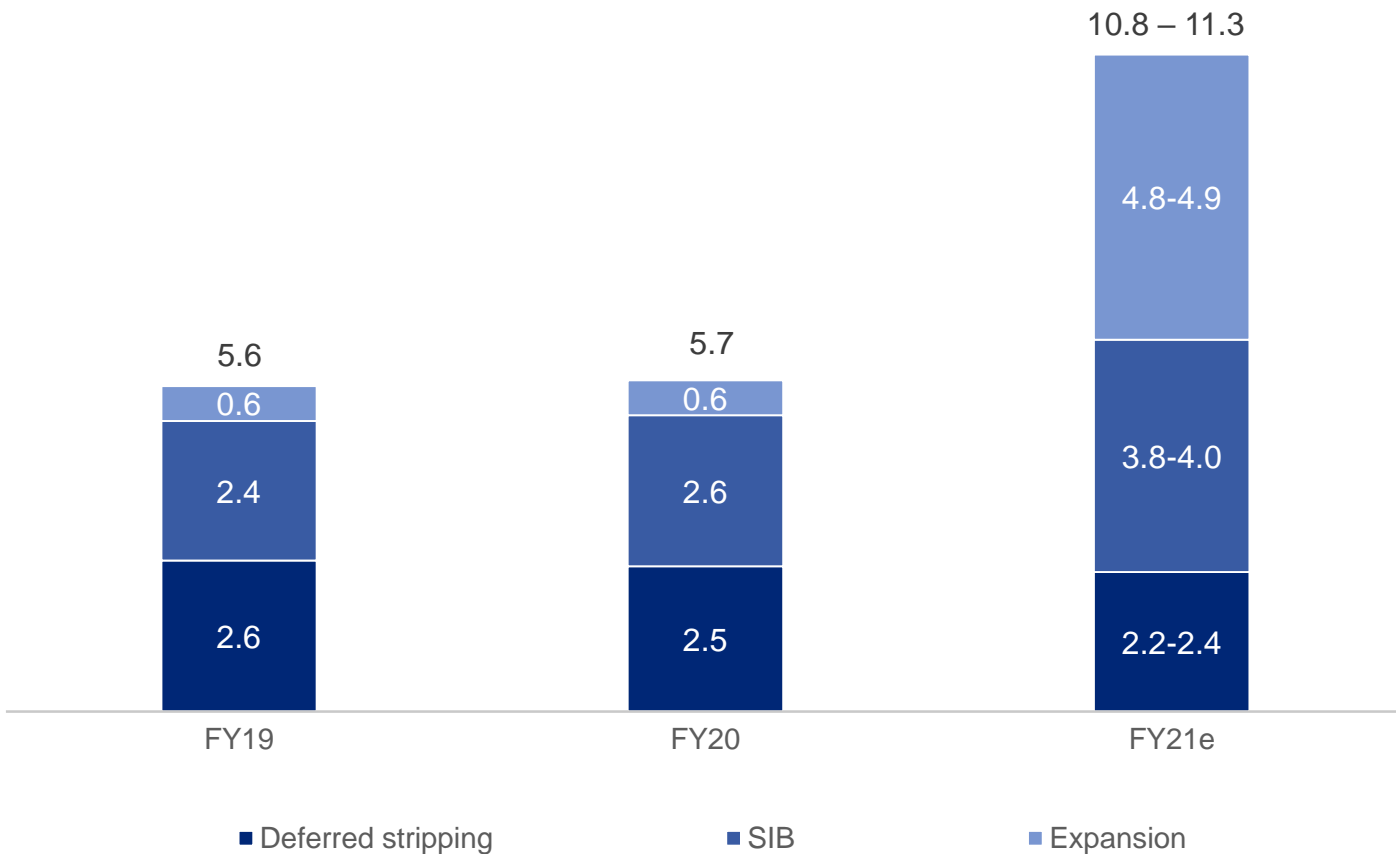
C1 unit cash cost

≤US\$34/t¹

1. Based on R16.47/US\$1

Capital investment | sustain and develop our business

Rbn



FY 21 and medium term outlook

SIB:

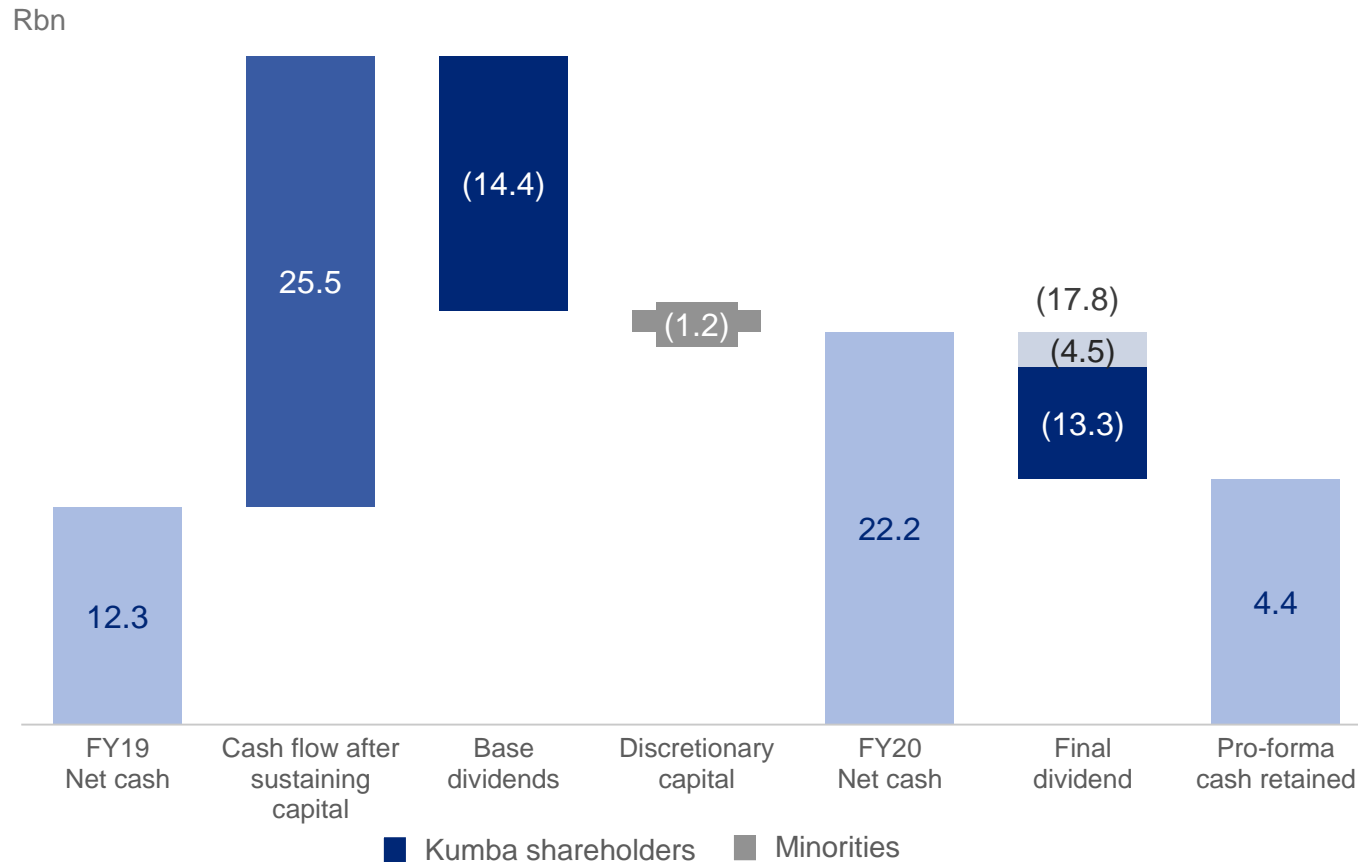
- R1bn deferred from 2020 to 2021
- Plant, infrastructure, capital spares
- Normalising from 2024 to c.R3bn

Expansion:

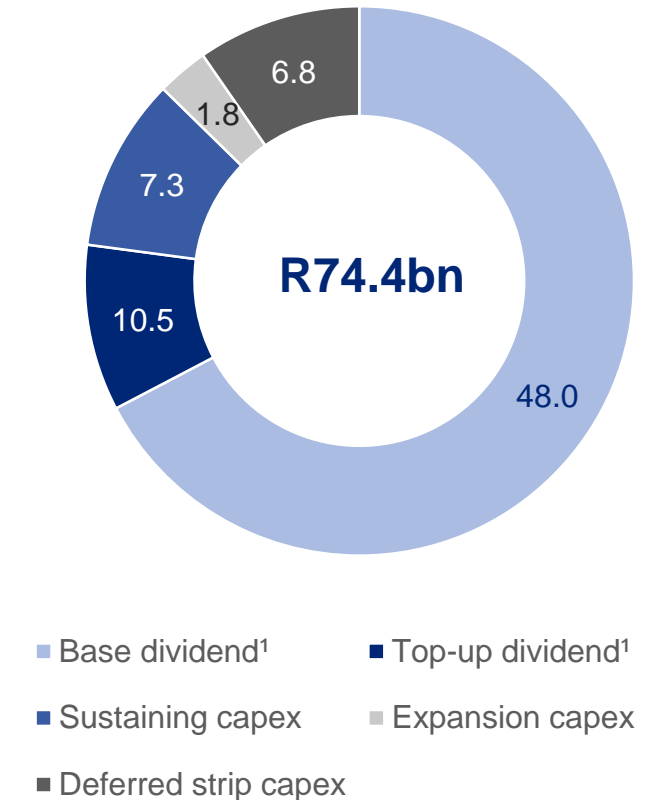
- Kapstevl South (2020 – 2023)
 - Total spend: c.R7bn (incl. pre-strip)
 - IRR: ~25% | EBITDA margin: >35%
- UHDMS project (2020 – 2023)
 - Total spend: R3.6bn
 - IRR: >30% | EBITDA margin: >40%
- P101 efficiency programme (2021 – 2023)

Balance sheet | resilient and efficient, with strong cashflow

Strong free cash flow generation



Capital allocation 2018 – 2020



1. Including dividends declared to minorities

Fortifying our business for the future



TSWELELOPELE strategy | continuing to unlock value since 2018



Safe operations

4 years, 7 months
fatality free



Margin performance

45% to 57%
EBITDA margin gain



Life of mine extension

30%¹
additional ore reserves



Capital discipline

R58.5bn
dividends paid (cumulative)

1. Excluding annual depletion

TSWELELOPELE strategy | simple, efficient and competitive



**Simplified
product portfolio**

Product premium above market

~\$2/t



**Improved
operational efficiency**

P101 benchmark on truck fleet

>100%



**Cost
savings initiatives**

Maintain C1 costs

≤US\$34/t

Guidance | 2021 full year

Total production

40 – 41Mt

Total sales

40 – 41Mt

Capex

R10.8 – 11.3bn

Sishen

- Production: ~28Mt
- Waste: 150 – 170Mt
- Unit costs: R395 – 405/t
- Strip ratio: 4.5, LoM ~3.8¹ | 3.7, LoM ~3.1²
- LoM: 19 years

Kolomela

- Production: ~13Mt
- Waste: 55 – 65Mt³
- Unit costs: R300 – 310/t
- Strip ratio: to exceed ~ 4, LoM ~3.6
- LoM: 12 years

1. Without UHDMS

2. Sishen (C as ore) with UHDMS

3. Including Kapstevel South

Value proposition | well positioned for the long-term



ESG excellence

- Safe, healthy environment
- Thriving communities
- Trusted corporate leader



Margin performance

- Enhanced product premia
- Operational efficiency
- C1 costs contained



Life of mine extension

- Optimisation and efficiency
- Technology
- Exploration



Capital discipline

- Strong balance sheet
- Sustainable cashflows
- Shareholder returns

Acknowledged by the following organisations:



Annexures



Annexure 1: Logistical performance improvements in H2

Mt	FY20	FY19	% change	2H20	1H20	% change
Railed to port (incl. Saldanha Steel)	37.5	42.0	(11)	19.3	18.2	6
Sishen mine (incl. Saldanha Steel)	25.5	27.8	(8)	13.2	12.3	7
Kolomela mine	12.0	14.2	(16)	6.1	5.9	3
Total sales	39.7	42.2	(6)	21.1	18.6	13
Export	39.3	40.0	(2)	21.0	18.3	15
Domestic	0.4	2.2	(82)	-	0.4	(100)
Total ore shipped	39.3	40.0	(2)	20.9	18.4	14
CFR (shipped by Kumba)	27.0	27.3	(1)	13.3	13.7	(3)
FOB (shipped by customers)	12.3	12.8	(4)	7.6	4.7	62
Finished product inventory	4.7	6.4	(27)	4.7	6.2	(24)

Annexure 2: Operating margin driven by revenue, offset by expense increase

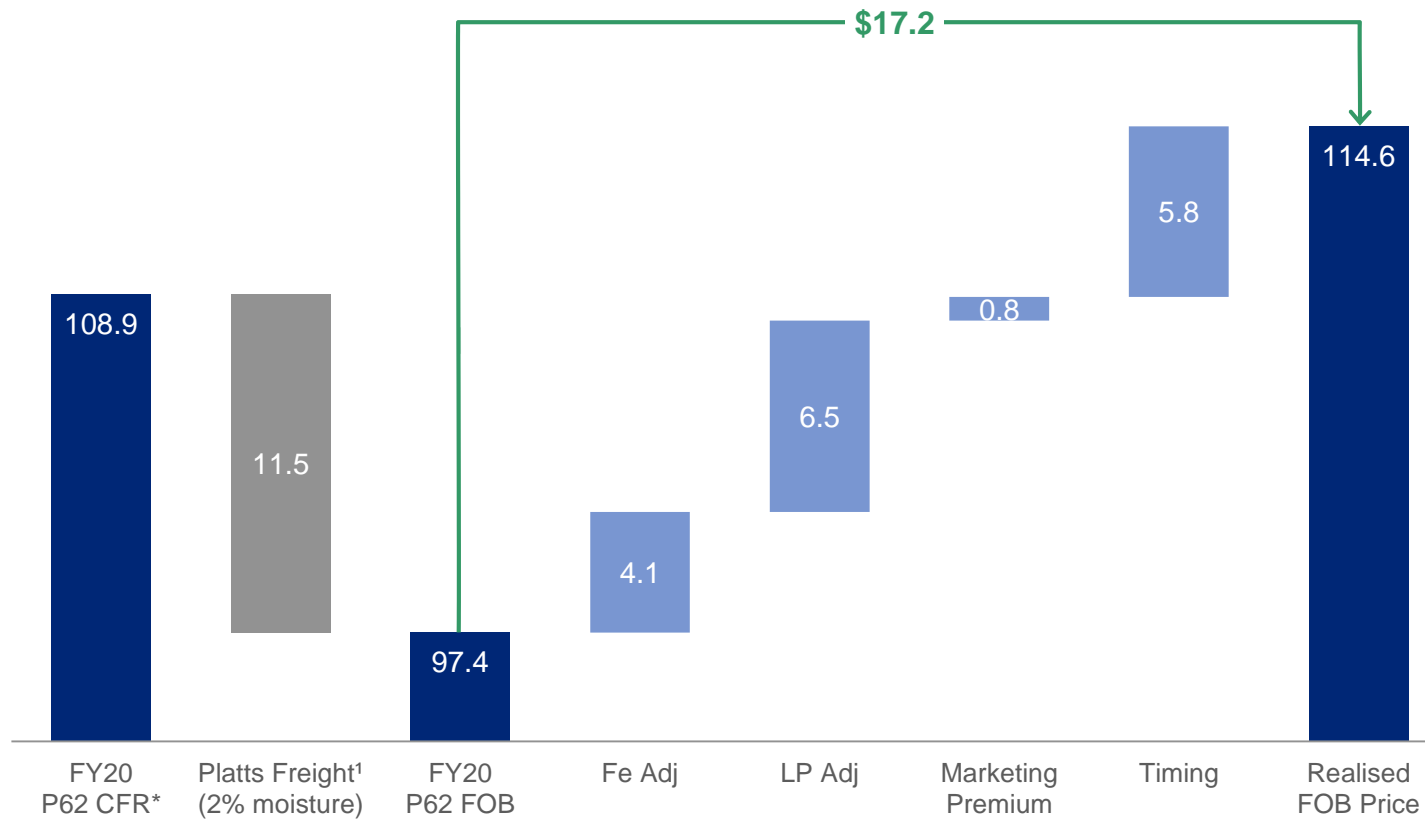
Rm	FY20	FY19	% change	2H20	1H20	% change
Revenue	80 104	64 285	25	48 525	31 579	54
Operating expenses	(39 266)	(35 474)	11	(22 726)	(16 540)	37
Operating profit	40 838	28 811	42	25 799	15 039	72
Operating margin (%)	51	45	13	54	48	13
Profit for the period	29 841	21 316	40	18 817	11 024	71
Equity holders of Kumba	22 779	16 259	40	14 371	8 408	71
Non-controlling interest	7 062	5 057	40	4 446	2 616	70
Effective tax rate (%)	28	27	4	28	28	—
Cash generated from operations	40 339	34 657	16	25 363	14 976	69

Annexure 3: Revenue sector analysis

	FY20	FY19	% change	2H20	1H20	% change
Export (Rm)	74 115	56 113	32	45 716	28 399	61
Tonnes sold (Mt)	39.3	40.0	(2)	21.0	18.3	15
US Dollar per tonne	115	97	19	134	93	45
Rand per tonne	1 886	1 402	35	2 177	1 552	40
Domestic (Rm)	409	2 557	(84)	(55)	464	>100
Shipping operations (Rm)	5 580	5 615	(1)	2 864	2 716	5
Total revenue	80 104	64 285	25	48 525	31 579	54
Rand/US Dollar exchange rate	16.47	14.45	14	16.27	16.67	(2)

Annexure 4: Price premia reflects product quality and a favourable market

Kumba FY20 realised FOB price (US\$/dmt)



Price Drivers

Average market prices:

- P62 index CFR China price +17% average: US\$108.9
- Fe premium: Average: ~US\$1.76 per 1% Fe
- Lump premium: Average: US\$0.16/dmtu (US\$10/dmt) vs US\$0.27/dmtu in 2019
- Marketing: Reduced premia for moving the volume during Covid-19
- Timing effects: Products generally priced in month of arrival

1. Straight average of the daily indices between 1 Jan – 31 Dec 2020

Annexure 5: Revenue driven by stronger prices and currency gains

Revenue up 25% despite lower sales

Rm



Revenue drivers

Controllables

- Total sales volumes down 6% to 39.7Mt (FY19: 42.2Mt) due to lower domestic offtake, Covid-19 restrictions and weather disruptions
- Market premium down US\$0.8/t to US\$17.2/t (FY19: US\$18.0/t)

Non-controllables

- Average Platts FOB price US\$18.0/t up to US\$97.4/t (FY19: US\$79.4/t)
- Average R/US\$ exchange rate 14% weaker at R16.47 (FY19: R14.45)

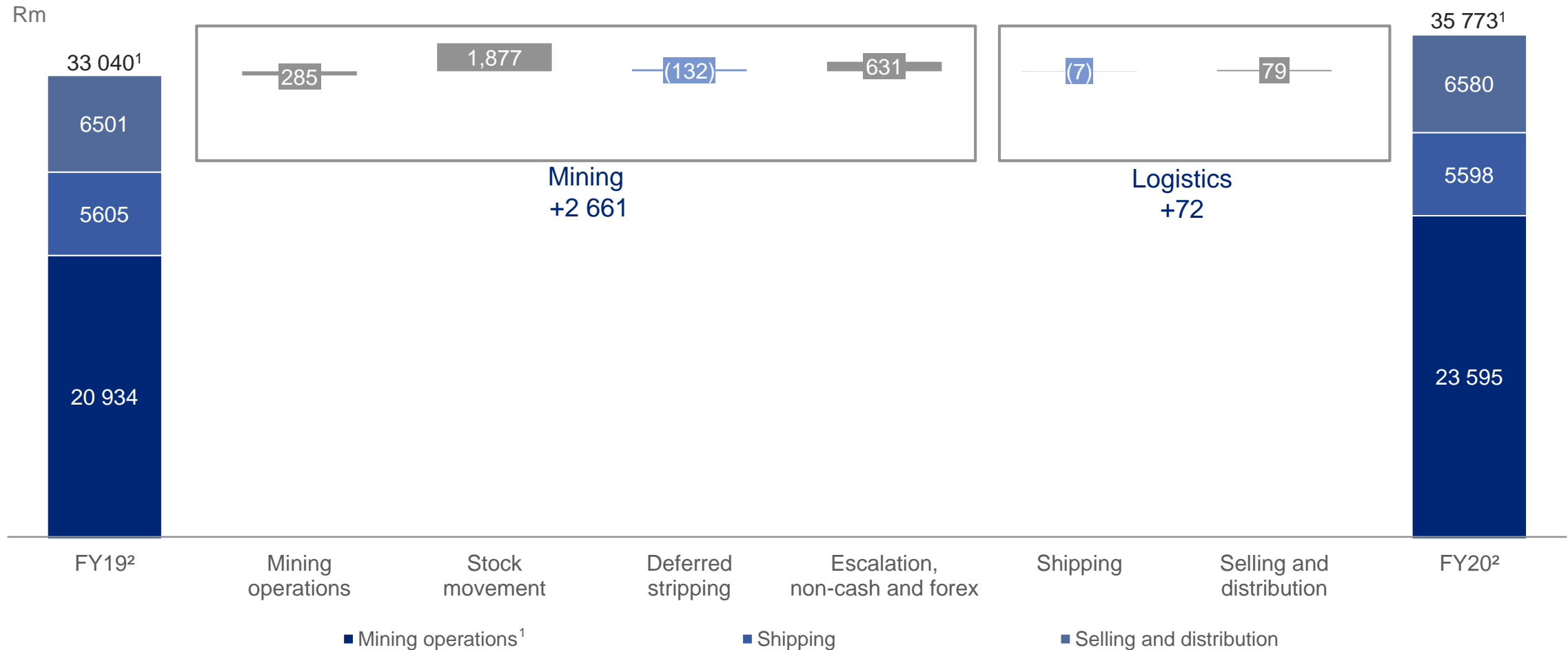
Annexure 6: Operating expenditure analysis

Rm	FY20	FY19	% change	2H20	1H20	% change
Raw materials and consumables	1 449	1 835	(21)	941	508	85
Inventory movement in FP	2 361	14	>100	1 513	848	78
Inventory movement in WIP	(1 321)	(34)	<100	(676)	(645)	(5)
Inventory written down to NRV	902	85	>100	902	—	>100
Contractor's expenses	3 817	3 545	8	2 174	1 643	32
Deferred stripping costs capitalised	(2 502)	(2 634)	5	(1 265)	(1 237)	(2)
Staff costs	5 006	4 953	2	2 579	2 427	6
Shipping services rendered	5 598	5 605	—	2 766	2 832	(2)
Depreciation of fixed assets	4 970	4 538	10	2 609	2 361	11
Mineral royalty	3 493	2 411	45	2 035	1 458	40
Repairs and maintenance	2 479	2 341	6	1 364	1 115	22
Petroleum products	1 985	2 520	(21)	1 055	930	13
General expenses ¹	3 038	2 603	17	1 467	1 571	(7)
Corporate costs	788	672	17	527	261	>100
Energy costs	439	439	—	239	200	20
Net finance loss/(gains)	184	80	>100	1 016	(832)	>100
Transportation costs	6 580	6 501	1	3 480	3 100	12
Operating expenses²	39 266	35 474	11	22 726	16 540	34

1. Includes the following significant items: lease payments, IT costs, donations, professional fees, expected credit losses, insurance costs, technical services & project costs and admin expenses.

2. Total operating expenses includes expected credit losses

Annexure 7: Operating expenditure driven by stock movement



1. Excluding mineral royalty and impairment

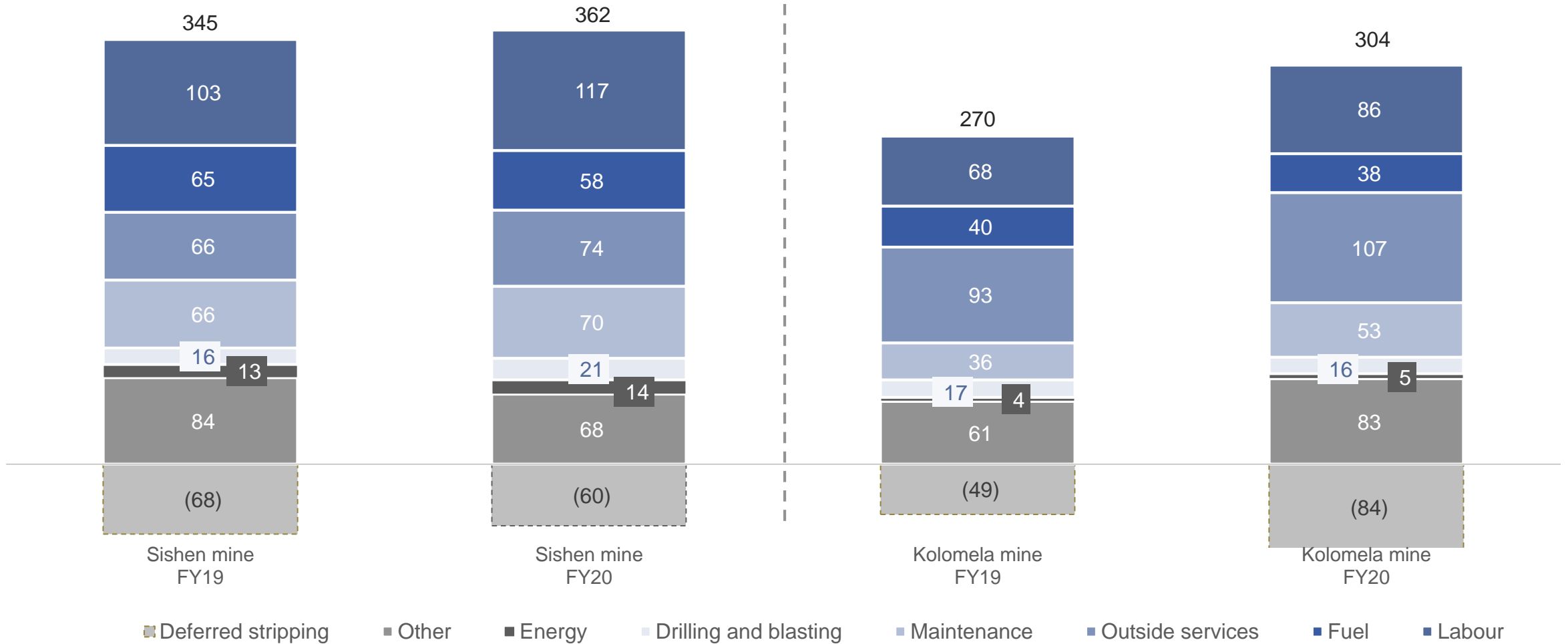
2. Total operating expenses includes expected credit losses

Annexure 8: EBITDA analysis

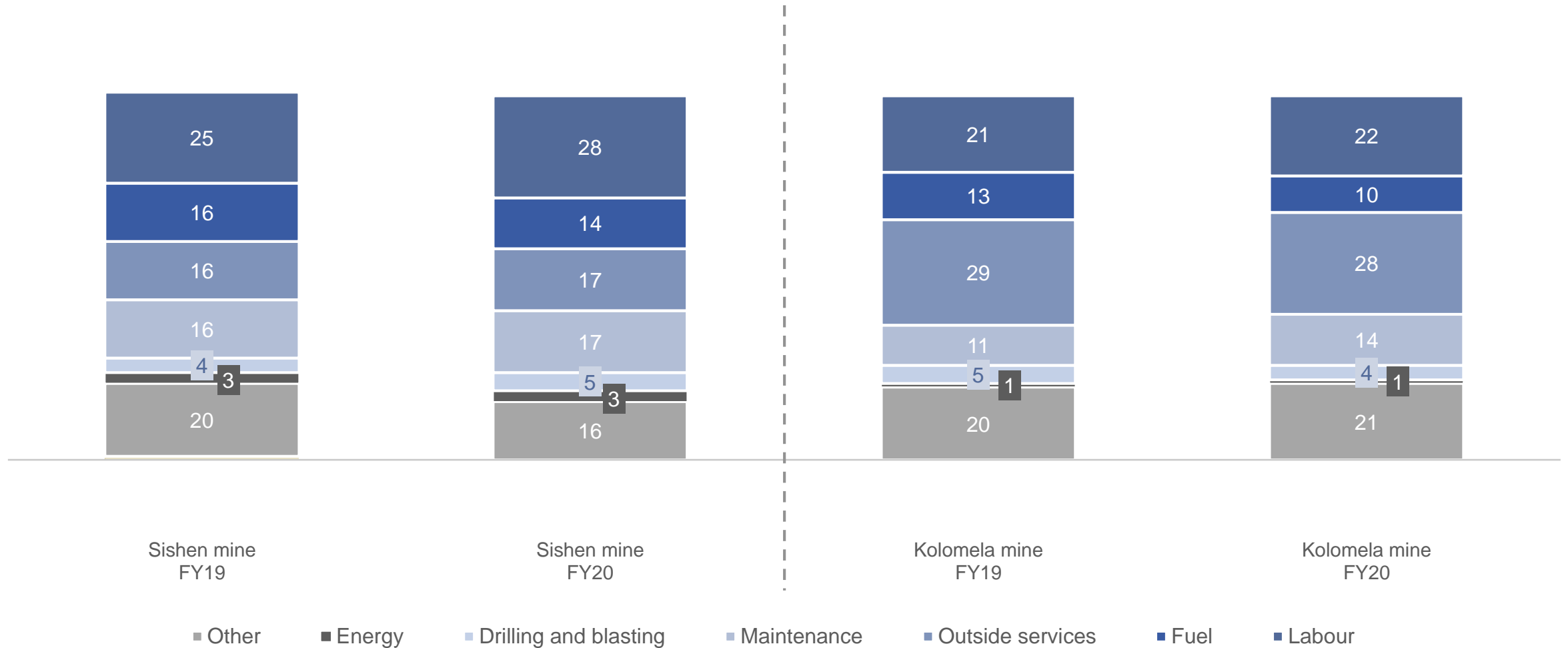
Rm		FY20	FY19	% change
Total sales volumes (Mt)	a	39.7	42.2	(6)
Benchmark price (\$/t)		109	93	17
Product premiums (\$/t)		17	18	(6)
Freight (\$/t)		(11)	(14)	21
Realised FOB price(\$/t)		115	97	19
On-mine cash unit costs (\$/t)		(21)	(22)	5
Logistics (rail and port) (\$/t)		(10)	(11)	9
Royalties (\$/t)		(5)	(4)	(25)
Other costs (\$/t) ¹		(9)	(5)	(80)
FOB margin (\$/t)	b	70	55	27
Average Rand/US Dollar exchange rate (ZAR/US\$)	c	16.47	14.45	14
EBITDA	a x b x c	45 808	33 373	37

1. Other costs include overheads, final product inventory movements and other non-cash costs

Annexure 9: Sishen and Kolomela mines' unit cash cost structure (R/t)



Annexure 10: Sishen and Kolomela mines' unit cash cost structure (%)

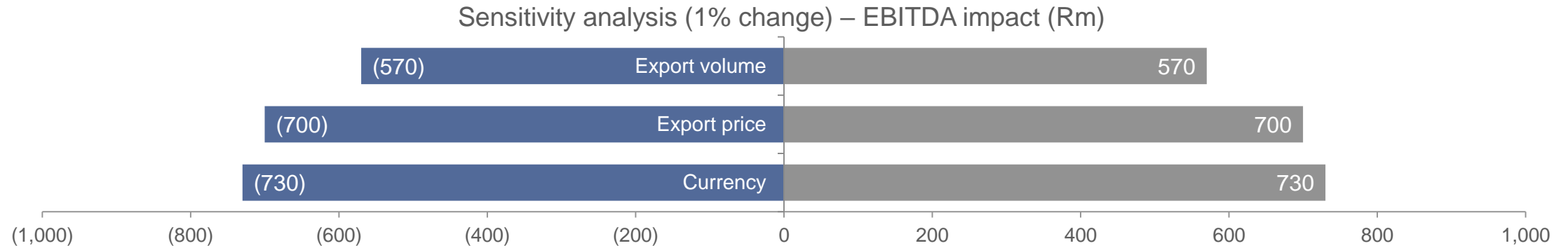


Annexure 11: Capital expenditure analysis

Rm	FY20	FY19	Forecast
			12 months 31 Dec FY21e
Approved expansion	591	592	4 700 - 4 800
Deferred stripping	2 502	2 634	2 200 - 2 400
Sishen	1 523	1 981	1 400 - 1 500
Kolomela	979	653	800 - 900
SIB	2 653	2 377	3 800 - 4 000
Sishen	1 797	1 693	2 800 - 2 900
Kolomela	856	684	1 000 - 1 100
Unapproved expansion	—	—	~100
Total approved and unapproved capital expenditure	5 746	5 603	10 800 - 11 300

Annexure 12: Sensitivity analysis FY20

1% change to key operational drivers, each tested independently



Change per unit of key operational drivers, each tested independently

Sensitivity analysis	Unit change	EBITDA impact
Currency (Rand/US\$)	R0.10/US\$	R440m
Export Price (US\$/t)	US\$1.00/t	R615m
Volume (kt)	100kt	R145m
		Breakeven price impact
Currency (Rand/US\$)	R1.00/US\$	US\$3.00/t

Image descriptions

Slide 1	Kolomela: Dense media separation plant	Slide 20	Kolomela: Load-out station
Slide 3	Kolomela: Leeufontein pit dual loading system	Slide 27	Kolomela: Stacker reclaimer
Slide 4	Sishen: Stacker and Reclaimer	Slide 28	1. Sishen: pre-flight inspection before aerial survey 2. Kolomela: Dual truck loading 3. Sishen Pit 4. Saldanha Port
Slide 5	1. Kolomela: COVID-19 protocol training in the engineering workshops 2. Kolomela: Drilling results collected for grading of resource 3. Kolomela: One stop medical facility entrance 4. Kolomela: Leeuwfontein pit viewing point	Slide 29	1. Saldanha Port: Stacker reclaimer ore stockyard 2. Kolomela: Training using multi-vehicle simulator 3. Kolomela: Postmasburg hospital community Covid-19 call centre
Slide 6	Kolomela Kapsteel: Monitoring pit slope stability	Slide 31	1. Sishen: Return water dam capacity doubled, supplying households in Kathu 2. Sishen: Trucks transporting raw material 3. Kolomela: Rosond exploration drill 4. Sishen: Stockpile
Slide 7	Kolomela: Land rehabilitation	Slide 32	Sishen: Export transfer station of hydro plant
Slide 8	Learners following Covid-19 protocols		
Slide 9	Kolomela Dense media separation plant		
Slide 11	Saldanha Port		
Slide 18	Saldanha Port		
Slide 19	Kolomela: Haul trucks		